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UNC717 Increasing the Storage Transmission Capacity Charge Discount to 80%: Urgency Application

On 5 March 2020, the Joint Office of Gas Transporters ("JO") received a request from Storengy UK Ltd ("**Storengy**", the Proposer) that Uniform Network Code ("**UNC**") modification **UNC717** 'Increasing the Storage Transmission Capacity Charge Discount to 80%'¹ should be treated as 'urgent' and proceed under a timetable approved by Ofgem.² We have decided we cannot consider the application for urgent status for UNC717. We set out our reasons below.

Background

On 17 January 2019, National Grid Gas Transmission ("**NGGT**") raised **UNC678**³ stating that it seeks to introduce gas transmission charging arrangements that produce stable and predictable transmission charges and ensure compliance with Commission Regulation (EU) 2017/460 of 16 March 2017 establishing a network code on harmonised transmission tariff structures for gas ("**TAR NC**"). During the development of UNC678, workgroup members raised ten alternative proposals (UNC678A/B/C/D/E/F/G/H/I/J).

The UNC Panel met on 23 May 2019 and recommended that none of the UNC678/A/B/C/D/E/F/G/H/I/J modification proposals should be implemented. The Final Modification Report ("**FMR**") was sent to us on 29 May 2019 to make a decision on the proposals.

On 23 December 2019, we published our minded to decision and draft impact assessment.⁴ In our minded to decision, we set out our view that only two of the 11 modifications (UNC678 and UNC678A) were compliant with the relevant legislation, and our minded to decision was to approve UNC678A. We consulted on our minded to decision for a period of two months, as required by Article 26 TAR NC. The consultation closed on 24 February

¹ <http://www.gasgovernance.co.uk/0717>

² Ofgem is the Office of the Gas and Electricity Markets Authority. The terms 'Ofgem', 'the Authority', 'we', 'our' and 'us' are used interchangeably in this letter.

³ <https://www.gasgovernance.co.uk/0678>

⁴ <https://www.ofgem.gov.uk/publications-and-updates/amendments-gas-transmission-charging-regime-minded-decision-and-draft-impact-assessment>

2020. We received 30 responses, as part of our Article 26 consultation and 2 responses from National Regulatory Authorities of directly connected Member States (in accordance with Article 28 TAR NC).

On 5 March 2020, the Proposer raised **UNC717** and requested that it should be treated as urgent and proceed under a timetable approved by the Authority. This modification proposes to increase the discount to be applied for storage related National Transmission System ("**NTS**") capacity to 80%, from the 50% proposed under either UNC Modification UNC678 or UNC678A. The Proposer states that this Modification is dependent on Ofgem's approval of Modification UNC678A or Modification UNC678.

Our decision

UNC717 proposes to amend the NTS Charging Methodology that would be introduced by UNC678 or UNC678A, should either of these modification be approved. The Proposer also states that the proposed legal text is drafted based on the UNC text as it would stand if either UNC678 or UNC678A were to be approved.

We have been asked to assess this modification proposal on a 'conditional basis'. We have noted the views of Workgroup participants, UNC parties, and the JO. Both the licence conditions governing the arrangement around the UNC and the existing UNC Modification Rules preclude us from considering proposals against a baseline that is not at that point in time part of the UNC.

For the reasons stated above, we have decided we therefore cannot consider the application for urgent status for UNC717.

For the avoidance of doubt, in rejecting the request for urgency we have made no assessment of the merits of the proposal and nothing in this letter in any way fetters the discretion of the Authority in respect of UNC717 or any other modification, including but not limited to UNC678.

Frances Warburton
Director, Energy System Transition

Signed on behalf of the Authority and authorised for that purpose